



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

04-24

Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

FOR IMMEDIATE RELEASE
Friday, June 25, 2004

Contact: Shad Balch
(916) 324-9011

**California Department of Corporations Collects \$800,000 as
part of Settlement Agreement with Long Beach Mortgage Company**

Department's Regulatory Exam Lead to Discovery of More Than 3,618 Violations of Interest Overcharges

SACRAMENTO --- The Department of Corporations collected \$800,000 from Long Beach Mortgage Company as part of an agreement to settle a civil complaint filed by the Department for charging excessive interest on residential mortgage loans, Corporations Commissioner William P. Wood announced today.

In September 2001, Department Examiner David Duong conducted a regulatory examination of Long Beach Mortgage Company and found that the mortgage lender charged interest on residential loans for an extra day prior to the loan closing. A self-audit of Long Beach Mortgage ordered by the Department revealed that between December 14, 1999 and January 31, 2002, 3,618 loans were made in which excess interest totaling \$625,757.22 was charged to customers. Long Beach Mortgage Company has refunded the overcharged interest to its customers.

In a previous regulatory examination in 1999, the Department had found that the same violation had occurred on a much smaller scale. At that time, Long Beach Mortgage Company cooperated, changing its policy and practice to prevent excess interest charges from recurring.

The Department agreed to the \$800,000 settlement, received via overnight courier, due in part to the company's timely refund of overcharges to customers and internal changes to business practices to prevent overcharges from occurring in the future.

The Department of Corporations is California's Investment and Financing Authority. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, please visit the Department's web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).